

## ASSET PROFILE

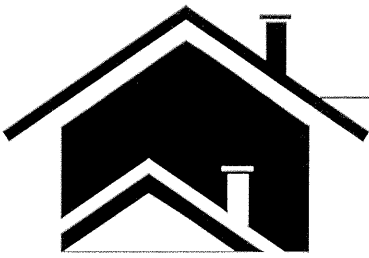
### Cluster Overview: Regional Context

#### Overview

Detroit is part of the most competitive region in Michigan. Therefore, it is important for Detroiters to understand regional trends, especially those related to issues such as jobs. Trends show that the greatest projected job growth through the year 2020 will occur in Oakland County. Discussion of Oakland County becomes important if Detroit is to enhance its edge in a highly competitive regional and global market. It is also helpful to look at Detroit within the context of Wayne County: Detroit is by far its largest city and is the county seat.

The following regional discussion of neighborhood commercial, transportation, job centers, housing, and crime is a framework for reinvestment planning within a regional context. This framework and the relationship between Detroit and suburbs is generally recognized, acknowledging Detroit as the key to the region. Discussion of this framework and the relationship becomes relevant for Cluster 6 as it considers future employment, neighborhood revitalization, linkages and competition issues. Further, as technological advances continue, this relationship may grow stronger or become more fragmented as “computer-connected” communities develop. This can potentially tie residents within cities and within the region together as well as tie them to hospitals, stores, restaurants, government offices, and other businesses through multipurpose computer networks. This could allow residents to access services and products throughout the region regardless of location.

There is a general sense among urban planners that urban sprawl and the suburban paradigm begun in the 1940s cannot sustain another generation of growth (*The New Urbanism: Toward an Architect of Community*, 1994). Ideally, the CRS process can become a major part of overall regional, county, city, and neighborhood planning that considers the social, economic and ecological issues of the entire region and all of its communities.



Tri-county population trends and patterns may also have implications for future planning and Cluster recommendations:

- Population is projected to grow by 1.7 percent, yet decline as a percentage of the state's population. The growth will be greatest in the northern areas of Oakland and Macomb counties while the city of Detroit is expected to decline in population and the balance of Wayne County will experience a slight increase. This may translate into a loss of voice and representation in the state's policy decision-making entities and weaken advocates' ability to influence change.
- Increased life expectancy has created a tremendous growth in the number of people living beyond age 65. This age group is projected to increase from 9.6 percent of the population in 1980 to 13.4 percent of the population by 2010. At the same time, the younger population will decline in number, except in urban areas, and as a percentage of the total population.
- Those financially responsible for both younger children and the elderly, the "sandwich generation," will increase in number and seek assistance from the health and human care system.
- The number of households in the tri-county will continue to increase. The aging of the population will result in more households without children. This increase in households will generate a greater need for services such as police, fire, and utilities. Household make-up may also impact types of housing being demanded.

### **Neighborhood Commercial**

The greatest employment opportunities in the next decade will be in the industries of health care, and education, service industry, and retail (*FutureScape*, October, 1996). Oakland County, the third most affluent county in the country, is a target for upscale retailers. 1990 census data show that 21 percent of jobs in Oakland County were in the retail sector (Oakland County Department of Community and Economic Development). Further, Oakland County projects retail trade and services to account for two out of three of the job gains over the next two years.

Retail shopping outside of Detroit for its residents, especially in Oakland County, is significant. The close proximity and accessibility of Oakland County makes shopping there convenient. Further, the large malls, upscale retail, and major department stores are all attractions in Oakland County. For example, the manager of Hudson's Northland store estimates 50 percent of the store's customers and slightly more than 50 percent of the



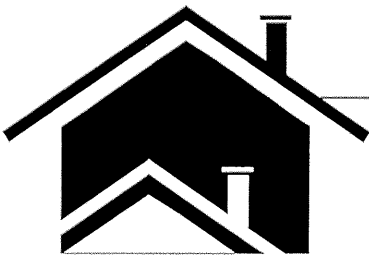
employees are from Detroit (*Crains*). It is estimated that Detroit consumers make up 38 percent of the retail sales of Oakland County. Ideally, implementation of Cluster recommendations could potentially begin to reverse this situation. Further, data in the asset profile neighborhood commercial section show that Cluster 6 holds potential as a strong retail market for businesses in close proximity to neighborhoods.

Suburban “mega malls” that contain entertainment centers, restaurants, and theaters and offer family outings (which include other things in addition to shopping) have been developed in part because very large parcels of land have been available to attract shopping center developers. Organizing similar parcels has been a challenge for Detroit according to its Planning and Development Department. For instance, recent metro area shopping complexes include the Great Lakes Crossing scheduled to open next year (1998): a \$100 million enclosed mega-mall being developed by Taubman Realty in Auburn Hills. The site, 216 acres near I-75 and Baldwin, will have 200 stores in 1.7 million sq. ft. of space. Another example is Borders, which plans to open a 25,500 sq. ft. “superstore” later this year (1997) at Rochester and Avon Road in Rochester Hills. The store is expected to create 50 jobs. Similar opportunities for development of a family complex, including a theater, are of interest to Cluster 6.

Regional economic and commercial development cannot be discussed without mention of two Oakland County cities, Troy and Royal Oak. Royal Oak has become a prime retail area in the tri-county area, attracting numerous Detroiters for shopping and entertainment. A 1997 *Detroit Free Press* article discussed the increased commercial rents resulting from Royal Oak growth and development.

Troy is even more significant. *The Detrioter* magazine (August, 1997) describes Troy's winning formula, strong corporate, residential and retail bases, that makes Oakland County's largest city (34.3 square miles and 80,000 residents) a suburban superpower and the third-fastest growing employment center in the United States (*The Wall Street Journal*). More than 80 percent of the city's land is developed. It has 10.8 million square feet of office space, ranking it third behind Detroit and Southfield in the regional office market, and its 92.4 percent occupancy rate tops both.

While Detroit should not seek to redevelop itself in the exact manner as suburban cities have done, knowing what makes other cities successful is important information for improving Detroit's regional and global competitive edge. Regional successes also serve as examples of possibilities for asset-based redevelopment within Cluster 6. The fact that Cluster 6 has one of the few office parks in the city affords a unique opportunity for the Cluster to benefit from the service industry growth requiring more office space for



business and service related uses. This also positions the Cluster to realize its recommendations that call for products and services that are diverse.

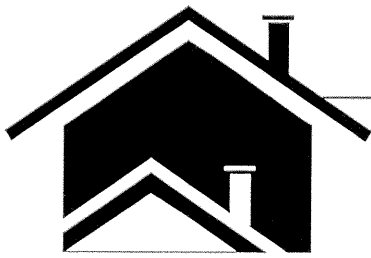
While Detroiters support Oakland County retail business, they also support retail businesses at malls in other areas outside the city (Fairlane, Eastland, Westland, and Lakeside Mall). Strip malls and specialty stores have also become attractive to shoppers as they become more demanding for customized products and services. These may be options for reinvestment along the Cluster's existing commercial arteries as discussed under the neighborhood commercial area in the Asset Profile section.

Cluster interest in commercial reinvestment also requires mention of Wayne County, the eighth largest county in the nation. Wayne County's current leadership believes that government can play a role in helping build business. This may be key to Cluster residents interested in neighborhood business development, minority business development, and entrepreneurial endeavors. Wayne County boasts several programs and services geared to supporting businesses. These include:

- SBA 504 Loan Program, which provides a low down payment, a fixed interest rate, and a longer term repayment period for real estate and equipment financing.
- Wayne County's Urban Loan Fund, which is designed to support projects under \$150,000. The program targets small businesses in Detroit, Ecorse, Hamtramck, Highland Park, Inkster, River Rouge, and minority businesses anywhere in these county-designated distressed communities.
- Wayne County Electronic Procurement Assistance Center (EPAC) targets small and minority businesses utilizing an electronic billboard system to provide bid opportunity information.

Wayne County also sponsors a procurement fair each spring. Special workshops and seminars on a variety of topics such as franchising, avoiding business pitfalls, alternative funding sources and the like are held in October each year, the designated Minority Enterprise Development month.

Information on the above Wayne County programs were taken from the "Wayne County Information Guide" (1995), which highlights select programs that could potentially be resources for implementation of some Cluster recommendations. More information can be found in the information guide.



## Housing

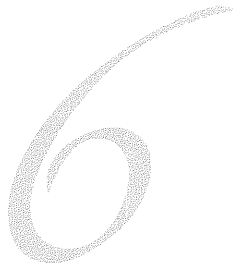
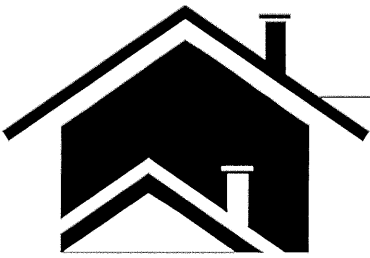
Major housing stock was built during different times in the tri-county area. According to the DMP more than 47 percent of Detroit's current housing stock was built from 1910 to 1935. In sharp contrast, 40.2 percent of the housing in Macomb County has been built since 1970 (*A Profile of Macomb County*, 1990).

Housing value also has varied. While the following list, is not comparative it provides facts on tri-county housing values.

- The median value of owner-occupied housing in 1990 in *Macomb County* was \$76,800.
- In *Oakland County* the average selling price of single-family homes rose from \$83,927 in 1986 to \$116,962 in 1992 with sale prices ranging from \$25,000 to over \$2 million.
- A 1995 Chicago Title and Trust survey ranked *Detroit* metro housing prices well below many cities even though selling prices in *Wayne County* rose from \$43,340 in 1984 to \$82,240 in 1993.
- *Detroit*, known historically for its strong housing stock, has also seen major increases in selling prices of homes. Detroit area housing costs rose 8.5 percent between 1990 and 1994 according to the U.S. Census Bureau of Labor Statistics. Further, in the metro Detroit area, 74,800 "poor renter" households spent one-half or more of their income on housing (*FutureScape*, October, 1996). See the issue area on housing in the asset profile section for more detail on housing in Cluster 6.

Today, metro Detroit is among the top 10 U.S. housing markets, according to the April 1997 issue of *Professional Builder*, with 24,127 new housing permits issued in 1996. Thirty-six percent of the total new housing in the seven-county region in 1990 was in Oakland County with about 62,500 residential building permits being issued since 1985 and over 11,000 permits authorized since 1991 (Oakland Co. Department of Community and Economic Development). In Wayne County, many areas such as Plymouth, are also booming.

Detroit's housing market is also experiencing change. The city has sharply reversed the downward momentum of its housing market of just a few years ago. According to SEMCOG, in 1996 Detroit issued 86 new housing permits and demolished 8,432 old houses. However, Detroit issued 101 new housing permits in the first seven months of 1997 (*Detroit News*, September 10, 1997). Developers project there is a demand for at



least 80,000 new houses including apartments and condominiums in the city over the next ten years (*Detroit News*, May 14, 1997). The Housing section (page 85) of the Asset Profile describes housing generally and new housing developments in the Cluster.

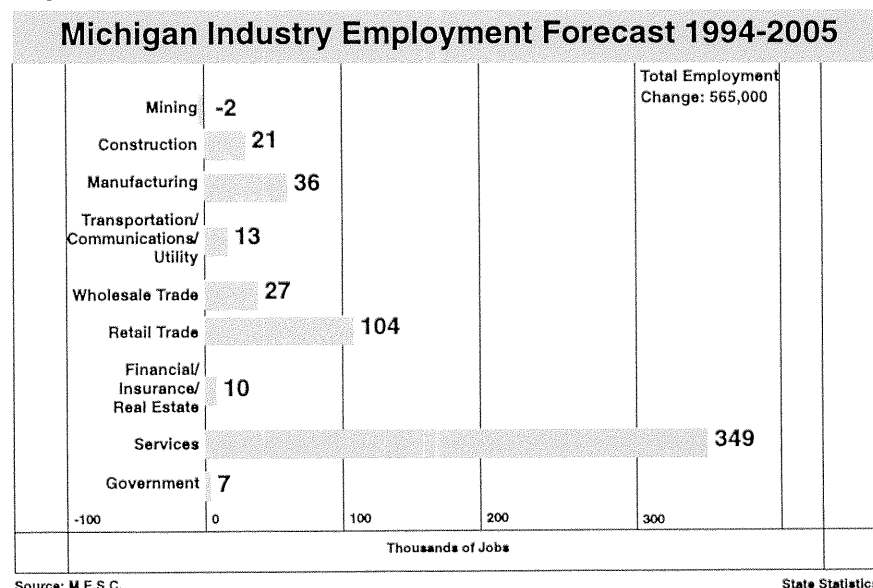
### Job Centers

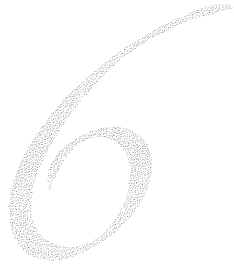
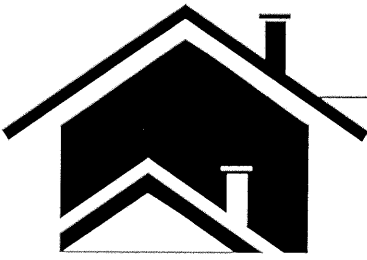
MESC data show that 102,000 of the 351,000 jobs the Michigan economy created between 1990 and 1996 were in Oakland County. This constitutes 29 percent of the jobs in Michigan. SEMCOG data on commuting patterns show 49,000 Detroiters commuted to Oakland County each workday, while 56,000 of Oakland County residents commuted to Detroit. There is also likely some limited back and forth commuting for employment between Detroit and Macomb County residents, where about 40.8 percent of residents work outside of Macomb County (*A Profile of Macomb County*, 1990). This may be of greater interest to clusters east of Cluster 6. These numbers in part confirm the relationship between cities within the region. They are also valuable data for potential investors and Cluster 6 as it considers transportation needs and assets, and its interest in creating a job center within the Cluster.

### Occupational Openings and Job Growth

Occupational openings and employment growth in southeastern Michigan are affected by the changes in the industry mix. The greatest job opportunities will be in the growing service industry. Future employers are seeking a higher skill level among their new hires, and those with fewer skills will be at a disadvantage (*FutureScape*, October, 1996).

Figure #3





The greatest job growth through the year 2020 will occur in outlying suburban areas, particularly in the northern and western portions of Oakland County (*FutureScape*, October, 1996).

**Table #3**

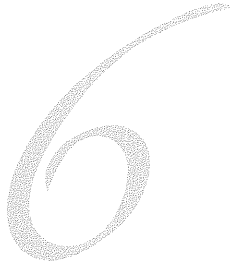
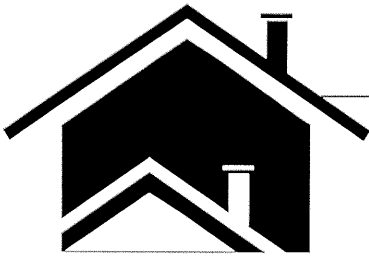
**Top 10 Job Growth Communities in Southeastern Michigan**

	Employment		Change	
	1990	2020	# of Employees	%
Auburn Hills	22,220	62,000	39,800	179.3%
Ann Arbor	113,300	134,700	21,400	18.9%
Troy	104,500	125,000	20,500	19.6%
Rochester Hills	18,700	36,700	18,000	96.3%
Livonia	93,100	110,200	17,100	18.4%
Canton Twp.	14,200	30,600	16,400	115.5%
Waterford Twp.	23,100	39,300	16,200	70.1%
Sterling Heights	55,800	70,800	15,000	26.9%
Novi	22,200	36,700	14,500	65.3%
Clinton Twp.	25,700	40,200	14,500	56.4%

Source: SEMCOG

Like Oakland County and the nation as a whole, Wayne County is slowly changing from a production-based to a service-based economy. However, Wayne County has also maintained a strong manufacturing base. About 27 percent of the county's employment base remains manufacturing and is projected to remain so in the foreseeable future (*Wayne County Information Guide*, 1995). Oakland County also projects continued growth in manufacturing. It expects motor vehicle manufacturing to add 1,000 jobs in each of the next two years, putting employment in this category at the highest levels ever recorded (*Oakland County Economic Outlook*, 1997-1998). The Outlook further projects that:

- The nature of local jobs in the auto sector has changed dramatically over the years, as white collar jobs at headquarters and research facilities have increasingly replaced blue-collar factory jobs. This shift has been seen in Detroit.
- Other manufacturing industries are projected to gain 4,000 jobs collectively over the next two years, with the fastest growth in printing, chemicals, plastics, and electrical machinery.



- Retail trade and services will add 4,000 jobs and employment in services will increase by 13,000 in 1998. Most of the job gains in services are in business and professional services, with the projections of even distribution between higher-wage industries such as engineering and computer services and lower-wage industries such as help supply (temporary help) services.

Further, according to the University of Michigan Office for the Study of Automotive Transportation, there is a shortage of skilled technical people to work in automotive industry firms. More than 100,000 workers will be hired in Michigan by 2003 to replace aging workers. The motor vehicles and parts industry continues as a mainstay of the Michigan economy and southeast Michigan will play a more prominent role in the global automotive marketplace. The region is poised for global competitiveness in many ways. Wayne County, for example, is already home to about 149 foreign firms with 36 based in Detroit and 25 international law firms with 24 located in Detroit and one in Livonia. These trends and others, such as increased use of contingent workers, part-time workers, and home based consultants, have implications for the Cluster's recommendations related to creating job centers.

## Transportation

The Detroit metropolitan region is linked through several freeways including Chrysler (I-75), Edsel Ford (I-94), Jeffries (I-96), I-275, John C. Lodge (M-10), Walter Reuther (I-696), and Southfield Freeway. (M-39), as well as major radial streets. Cluster 6 is linked to the region via Jeffries Freeway. (I-96), Grand River, John C. Lodge (M-10) and Edsel Ford Freeway (I-94). These transportation routes can be important assets for accessing employment and training opportunities, business development, shopping, and entertainment.

The neighborhood commercial survey identified major thoroughfares, such as Grand River, in need of repair. Federal funding to correct current deficiencies in the roads will continue to decline, forcing state and local governments to seek funding elsewhere. Passage of the recent gas tax is one example.

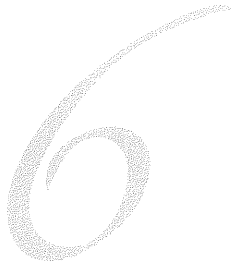
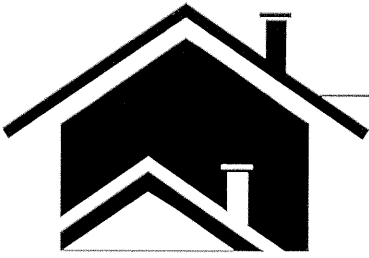
**Table #4**

Total Proposed Project Programming- Roads, Bridges, Transit-S.E. Michigan												
FY 1996, 1997, 1998 (\$ millions)												
	FY 1996			FY 1997			FY 1998			Three Year		
	Federal	Nonfederal	Total	Federal	NonFederal	Total	Federal	Nonfederal	Total	Federal	Nonfederal	Total
Roads	418.6	210.3	628.9	246.1	112.6	358.7	206.6	118.9	325.5	871.3	441.8	1313.1
Bridges	93	7.3	100.3	55.2	10.6	65.8	50.5	10.4	60.9	198.7	28.3	227
Transit	87.3	88.3	175.6	67.9	86.2	154.1	51.9	85.6	137.5	207.1	260.1	467.2
Total	598.9	305.9	904.8	369.2	209.4	578.6	309	214.9	523.9	1277.1	730.2	2007.3

Source: Southeast Michigan Council of Governments

Regional Statistics





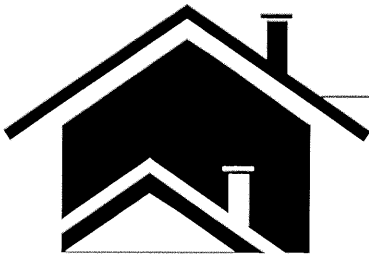
Detroit is the major link for the region to Canada through the Ambassador Bridge and the Detroit/Windsor tunnel. A second bridge, Blue Water, is located east of Detroit in Port Huron providing entry to Sarnia, Ontario. Detroit, likewise, is home to international port facilities with full U.S. Customs and warehouse space and a Free Trade Zone operation. The region is served by air via Detroit Metropolitan International and Willow Run Airports, both of which are owned and operated by Wayne County. Local airports include Detroit City, Oakland-Pontiac, Big Beaver Airport, Oakland-Troy, and New Hudson airports. Macomb County is home to Selfridge Air National Guard Base and two small airports, Macomb and Romeo.

Transportation by passenger railway is available in the region through Amtrak. Freight service for industry is available through Grand Trunk and the CSX Transportation.

### **Crime**

In *FutureScape*, United Way Community Services reports that the total number of criminal offenses dropped in Wayne, Oakland, and Macomb counties from 1990 to 1994. It further reported:

- Total criminal offenses in the tri-county area in 1990 numbered 568,928; this declined to 521,332 in 1994.
- Violent crime decreased by 6.1 percent between 1993 and 1994.
- Of those arrested in 1994, 11 percent were age 16 and under.
- The total number of juvenile crime cases handled by police departments in the tri-county area increased 16.5 percent, from 15,649 in 1989 to 18,234 in 1993.



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**Table #5**

<b>Violent Crime Rates by County</b>							
(For Southeastern Michigan)							
	1980	1990	1992	1993	1994	%Change 1980-1990	% Change 1993-1994
Livingston	296	232	200	186	160	-21.7	-13.9
Macomb	360	478	397	443	422	32.5	-4.7
Monroe	229	478	475	411	406	108.4	-1.2
Oakland	438	380	517	516	354	-13.3	-31.3
St. Clair	240	305	378	341	385	27.1	12.9
Washtenaw	537	638	616	603	584	18.7	-3.1
Wayne	1,263	1,598	1,521	1,618	1,606	26.5	-7.4
Detroit	1,935	2,699	2,608	2,832	2,769	39.5	-2.2
Out	550	553	508	489	530	0.5	8.3
Region	829	968	945	983	923	16.7	-6.1
State	630	777	791	783	750	23.4	-4.2
U.S.	597	732	758	758	716	22.4	-5.5

Source: SEMCOG

Note: Crime rate is per 100,000 population. Violent crime are murder, rape, robbery and aggravated assault. All rates were calculated on reported offenses before rounding.  
Sources: *Uniform Crime report for the State of Michigan, 1980,1990,1992,1993,1994*; and *Uniform Crime report for the United States, 1980,1990,1992,1994*.  
*Subcounty Population Estimates for Michigan 1990-1994*, Michigan Department of Management and Budget, Office of State Demographer.

Of special interest to Cluster residents is information on crime rates within Detroit. During the data and information-gathering process Cluster board members and stakeholders discussed the need to work more closely with the Detroit Police Department.